

# CANNABIS FAQ



**City of Huntington Beach**





## Are cannabis businesses allowed now in Huntington Beach?

No. Currently, The City prohibits any commercial establishment of both medical and adult-use recreational cannabis activities, with an exception of allowing non-medical marijuana cultivation per a private residence up to six plants.

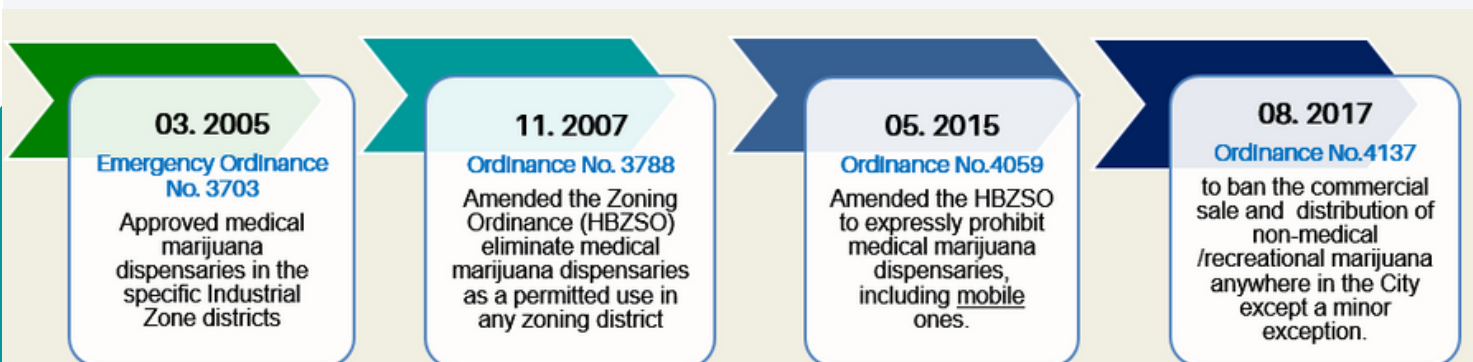
The City is currently developing regulations that if approved would allow a limited number of cannabis businesses within the City. As a first phase of this effort, at the November 8, 2022 General Municipal Election, voters will get to decide whether or not the City should tax cannabis retailers and non-retailers if they were to be permitted to operate in Huntington Beach in the future.



## What is the history of legal cannabis in Huntington Beach?

In 1996, Prop 215, Compassionate Use Act passed, decriminalizing medical marijuana/cannabis. 20 years later in 2016, California voters approved Prop 64, the Adult Use of Marijuana Act (“AUMA”), which legalized adult recreational use of marijuana for adults over the age of 21 in the State.

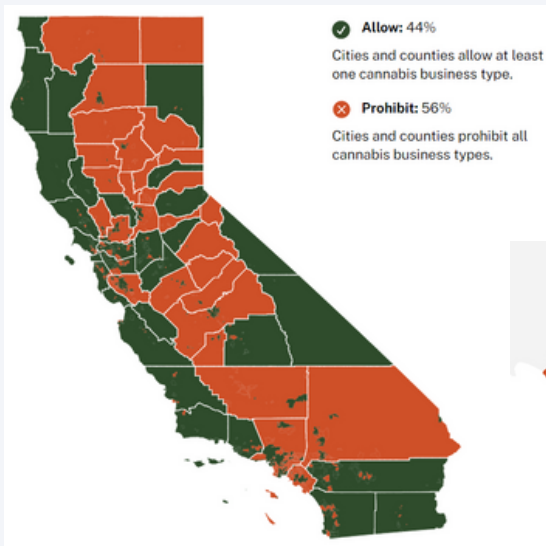
About 53% of Huntington Beach voters approved Prop 64, mirroring the statewide attitudes. Over the years, the City of Huntington Beach adopted a series of local ordinances as shown in the chart below.



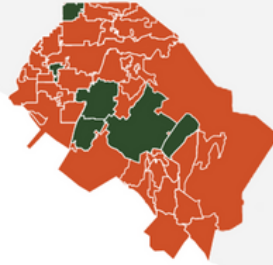
Currently, the City prohibits any commercial establishment of either medical or recreational cannabis activities.

### 3

## What other cities in California and Orange County allow cannabis businesses?



According to the CA Department of Cannabis Control, 44% of cities and counties in California currently allow at least one type of cannabis business (235 out of 539).



In Orange County, six (6) cities allow at least one cannabis business type – Costa Mesa, Irvine, La Habra, Lake Forest, Santa Ana, and Stanton.

### 4

## What does the approval of Measure O: Cannabis Business Taxation mean?

If Measure O on the November 8, 2022 General Election is approved by the voters, cannabis retailers (storefront and delivery only dispensaries) would be subject to up to 6% tax on their gross receipts. All other cannabis businesses (non-retailers) would be taxed up to 1% on their gross receipts.

This local excise tax on commercial cannabis activities would be a general tax, which is expected to go towards the City's General Fund for its general municipal services (similar to other tax revenue such as sales tax, property tax, etc.). The City Council has discretion to allocate these funds how it sees fit, including but not limited to police, fire, code enforcement, and homeless and behavioral health services.

### 5

## Does voting YES to Measure O mean that cannabis businesses can open in HB after the November Election?

No. Approval of Measure O is the first phase of the City's effort to develop regulations to allow a limited number of cannabis businesses to operate in the City. The second phase of this effort will focus on developing land use regulations that will determine where cannabis businesses would be permitted to operate and establish buffers from sensitive uses such as schools and parks. The final phase will focus on implementation and establish the administrative regulations to select and issue permits to cannabis business applicants, as well as developing the internal City procedures to process and monitor cannabis permitting program.



## **How does Measure O differ from Measure A on the June 7, 2022 Primary Election?**

Measure O's cannabis taxation language mirrors the Measure A's, but it is different in that Measure O imposes a local excise tax on cannabis businesses as a General Tax, not a Special Tax.

As a General Tax, the revenue will go to the General Fund for any general municipal services as mentioned above. To be approved, the General Tax measure must be approved by a majority of voters (50%+ 1). For a comparison, Measure A gained nearly 65% of voter approval but failed to reach 2/3 votes required to pass as a Special Tax.



## **Why has the City Council decided to initiate an effort to regulate cannabis businesses and place a tax ballot measure on the November 8, 2022 General Election Ballot?**

In 2016, 53% of Huntington Beach voters approved Prop 64, which proposed to legalize specified personal use and cultivation of marijuana for adults 21 years of age or older; reduce criminal penalties for specified marijuana-related offenses for adults and juveniles; and authorized resentencing or dismissal and sealing of prior, eligible marijuana-related convictions. The proposition included provisions on regulation, licensing, and taxation of legalized use; including each community's ability to allow or prohibit commercial cannabis businesses.

Late last year, two private cannabis industry groups filed separate petitions to propose ballot measures to legalize and regulate commercial cannabis businesses in Huntington Beach. Such initiative measures were created *without* City Council or staff input.

As such, the City Council decided that the City should position itself to establish its own law to regulate commercial cannabis activities that benefit our community, rather than inheriting regulations proposed by the cannabis industry.

By placing a tax measure on the November 2022 General Election Ballot, Huntington Beach voters will advise the City Council on whether and how commercial cannabis activities should be taxed if they were ever to be permitted in the future.



## With the proposed regulatory framework, what kind of cannabis business would be allowed\*?

### Permitted

- Retail: Storefront dispensaries and delivery-only dispensaries
- Non-Retail: Indoor Cultivation, Manufacturing, Testing Lab, and Distribution

### Prohibited

- Outdoor cultivation and microbusinesses
- Cannabis events/event organizers
- Sales on vehicles, mobile stores, kiosks, vending machines, or temporary structures
- Sales with drive-in or drive-through



## With the proposed regulatory framework, could cannabis businesses go anywhere in the City\*?

No. There will be zoning and buffer restrictions from sensitive uses and the City is actively soliciting feedback and input from the public and community stakeholders.

Storefront dispensaries would be allowed in Commercial and Mixed-Use Zoning districts. Delivery-only retailers and non-retailers such as indoor cultivators, manufacturers, testing labs, and distributors will be allowed only in Industrial Zoning districts. The same buffer restrictions will be applied to all cannabis businesses.

	Buffer Distance	Sensitive Uses
Current State Requirement	600 feet	Schools (K-12) Day Care Center Youth Center
Council Subcommittee Recommendation (subject to Council approval)	1,000 feet	Schools (K-12)
	600 feet	Day Care Center Youth Center Parks





## With current proposed regulatory framework, how many cannabis stores would be allowed to operate in the City\*?

A cap of up to 10 storefront retail permits to qualified applicants, 20% of which will be dedicated to “local equity” applicants.

There will be no cap to the number of permits issued for non-retailers (indoor cultivators, manufacturers, testing labs, and distributors), but zoning and buffer restrictions will limit the areas in the City where they would be permitted to operate.

A separate permit will be required for each type of commercial cannabis activity. The City will limit 1 license type per owner. For example, 1 owner can apply for 1 retailer and 1 manufacturer permit for vertically integrated businesses, but the same owner cannot apply for 2 retailer permits. The City will also limit 1 application per property.



## If cannabis businesses were to be allowed, what safeguards would be in place\*?

The City intends to incorporate strict security measures and operation standards into the regulations as they are developed, including but not limited to:

- 24/7 security guards must be on-site as well as 24-hour security surveillance cameras at all entrances, exits and interior spaces.
- Extensive background checks for owners and managers
- Customer check-in and age verification (18+ for medical patients and 21+ for recreational cannabis sales)
- Prohibition of public and on-site consumption will be strongly enforced.
- City personnel may access surveillance videos at any time and conduct inspections
- Buffer requirements from sensitive receptors (see above buffer requirements).
- Continued joint efforts between Police, Code Enforcement, OC District Attorney and State agencies to shut down illegal shops



24/7  
security  
guard on  
the  
premises



Video  
monitoring  
inside &  
outside of  
building



Extensive  
background  
checks for  
owners &  
employees



No  
consumption  
allowed  
onsite or near  
premises



Customer  
check-in  
and age  
verification  
(21+)



City  
personnel  
may access  
surveillance  
videos at any  
time



Comprehensive  
state and local  
permitting  
process



## **What are the requirements for businesses to apply for permits\*?**

The City does not have specific application guidelines yet. If cannabis businesses were to be permitted in Huntington Beach, the City plans to develop administrative regulations that outlines a merit-based application process to identify and select high-quality operators with experience and financial capacity.

Throughout this process, the City will seek and incorporate community input.



## **I am interested in opening a cannabis business. What can I do now to get ready?**

To be eligible, cannabis businesses are regulated in two ways: by the State and by local municipalities. The City strongly encourages any interested parties to visit the California Department of Cannabis Control (DCC) website and review the State's regulations per license type. In order to be able to operate in Huntington Beach, cannabis businesses must meet all the requirements set forth by the DCC.



## **Can people smoke cannabis in public?**

No. Prop 64 prohibits smoking cannabis in any public place and where smoking tobacco is prohibited. If you are a renter, then your lease or rental agreement may prohibit you from consuming cannabis in your unit. The State laws also prohibits smoking cannabis/cannabis products within 1,000 feet of a school, day care center, or youth center while children are present, with certain exceptions.

The City plans to strictly enforce the current prohibition of public consumption of cannabis and cannabis products and explicitly include regulation language to prohibit on-site consumption at the business premises\*.



## **How do I report illegal commercial cannabis activities?**

You can report to the Huntington Beach Police Department at 714-536-8825 or Code Enforcement Office at 714-375-5155 or using *MyHB* apps.

# CONTACT INFO

For more questions or to submit your comments,

Email: [cannabis@surfcity-hb.org](mailto:cannabis@surfcity-hb.org)

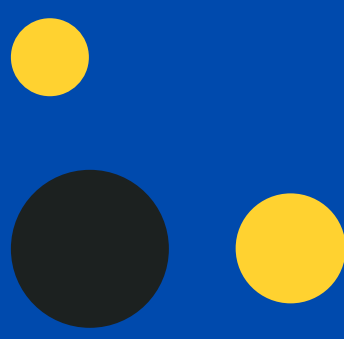
Website: [www.huntingtonbeachca.gov/cannabis](http://www.huntingtonbeachca.gov/cannabis)

To subscribe to an interest listserve to be notified of any related meetings or City updates on this issue, please email your name & email address to: [cannabis@surfcity-hb.org](mailto:cannabis@surfcity-hb.org).

**PLEASE NOTE:** The City plans to host additional community engagement events to solicit feedback on the implementation regulations.



**\*Disclaimer:** The information provided in this FAQ is subject to change as the City Council continues soliciting community feedback and developing regulatory framework.



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